

# Bulletin

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS ■ FALL 2002

## VIP Helps You Save in a 403(b)

**S**aving for retirement just got easier. That's because the Voluntary Investment Program, CalSTRS' 403(b) program, is offering more choices and better services. Besides 12 brand new core investment funds to choose from, VIP is offering free individualized financial advice and more comprehensive services including online account information.

### *Why Save?*

The benefits paid by CalSTRS go a long way toward replacing the income you earned while you worked. But sometimes, you need to save more to maintain your standard of living after you retire. By saving in a 403(b) plan such as VIP, you can supplement your CalSTRS retirement with quality investments, low administrative costs and valuable, unbiased advice services that help you meet your goals.

### *New Fund Choices*

Now VIP lets you choose among 12 different funds. The new lineup gives you an opportunity to choose between a variety of asset classes and investment strategies, including bonds, large, mid and small company stocks, index funds, foreign stocks and stable value funds. The core funds, from such outstanding fund families as Vanguard and Fidelity, offer a range of risk tolerances to meet your particular retirement planning needs. Additionally,

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## Teachers Health Study Yields Findings

**W**ith help from CalSTRS, nearly 133,500 female teachers from California have been participating in the ongoing California Teachers Study. The study, organized by a consortium of scientists from the California State Department of Health Services and universities throughout California, seeks to enhance understanding of breast cancer causes and prevention.

In this phase of the study, the research team confirmed:

- ☞ Teachers have higher than expected rates of breast, endometrial and ovarian cancers, melanoma, lymphoma and leukemia, and to an extent, thyroid cancers.
- ☞ Teachers have low rates of cancers of the lung and cervix, and they have about the same rates of colon cancer as other California women.

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# CEO Notes

By Jack Ehnes, Chief Executive Officer

## WHO DO YOU TRUST?

*CalSTRS moves forward in the aftermath of corporate scandals and financial market setbacks*

Who can you trust? Not an easy question to answer these days. Lately our newspapers are filled with stories of corporate misdeeds.

The impact of recent news is of course not just interesting Sunday reading. Our financial markets have been shaken to their core, and we are faced with an aftermath that has affected the financial resources of millions of Americans. Just as serious, recent events have raised fundamental questions about trust in corporate America.

### **Impacts of Recent Market Downturn**

It's not news to you that a market downturn means that your personal investments, such as IRAs, 401(k)s or 403(b)s, have lost value. This is truly an unfortunate setback to everyone's overall retirement income. Most affected are private sector employees who have **defined contribution** retirement plans because these types of plans depend on the amounts held in each individual's account. These pension plan benefits are market sensitive and can rise or fall with economic cycles.

### **Your Benefit is Not Affected**

Remember that your retirement plan is different from these defined contribution plans. CalSTRS provides a **defined benefit** program, which provides lifetime benefits guaranteed by law and is never affected by economic cycles.

### **Benefit Enhancements are Unlikely**

That said, a stock market decline does impact CalSTRS. When pension funds develop assets that exceed their liabilities, benefit enhancements often follow. With pension plans throughout the country now facing reduced assets, it is unlikely that benefit enhancements can be added for some time unless more money is contributed to CalSTRS.

### **Who Do You Trust?**

A recent USA Today/CNN/Gallup Poll (July 2002) asked, "Which groups do you trust?"

The answers should be of no surprise to you. Teachers were rated very highly with an 84 percent rating. The bottom? Corporate CEOs and HMO execs (23 percent and 20 percent respectively).

### **CalSTRS Is Involved in Market Reforms**

CalSTRS is doing its part to help the market strengthen again. One reason for the most recent stock market decline is lack of investor confidence because of scandals and bankruptcies of major companies. In fact, several of those incidences have affected the portfolio. CalSTRS' losses in Enron totaled about \$47.5 million and losses in WorldCom about \$263 million. While that's a small part of the \$93 billion portfolio, CalSTRS is aggressively pursuing financial market reforms and actively supporting passage of federal legislation to ensure corporate accountability.

Trust and integrity must be rebuilt in the marketplace before the stock market can fully recover. We have an active voice in Washington to advocate our financial interests in these corporate accounting reform debates. We also unfortunately recognize that there are times that we must litigate to pursue recovery of the system's funds. In one such high profile case, the courts have named CalSTRS as lead plaintiff in the class action lawsuit against Homestore.Com, a California-based company. Just this month the Justice Department secured guilty pleas from three key Homestore executives for

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# New CalSTRS Web Site Makes Its Debut

CLICK ON...[WWW.CALSTRS.CA.GOV](http://WWW.CALSTRS.CA.GOV)  
TO SEE THE CHANGES

Stop by to see the new and improved CalSTRS Web site. You'll see some dramatic changes as the site takes a leap forward in graphic presentation, navigational ease and readability. Use the drop-down menu to access each section more quickly. Link directly to the calculators from the home page to estimate your future retirement benefits and calculate the cost to buy service credit. And visit the site from time to time to look for future improvements.

*Here's the path for specific information of interest to active CalSTRS members.*

The screenshot shows the CalSTRS website interface. On the left, a vertical navigation menu lists various sections. To the right of this menu, four yellow boxes with blue borders are connected to the menu items by a blue line. These boxes contain the following information:

- DEFINED BENEFIT PROGRAM**
  - Retirement Benefits
  - Disability Benefits
  - Increasing Your Service Credit
  - Glossary
  - Refund of Contributions
  - Retirement Planning
- DEFINED BENEFIT SUPPLEMENT PROGRAM**
- CASH BALANCE BENEFIT PROGRAM**
- VOLUNTARY INVESTMENT PROGRAM**
  - Account Login
  - General 403(b) Overview
  - VIP Information
- HOME LOAN PROGRAM**
  - Program Summary
  - Approved Lenders
  - Interest Rates

The website header includes the title "California State Teachers' Retirement System" and the tagline "Committed to lifetime security & service that meets the changing needs of California's educators." Below the header, the date "Thursday, August 1" and a "Contact CalSTRS" link are visible. The main content area features a sidebar with links to "About CalSTRS", "Members", "Employers", "Financial Education", "Forms & Publications", "Legislation", "Investments", "Newsroom", "FAQs", "Contract Opportunities", "Related Sites", and "Site Map". The central area displays "Calculators", a photo of a woman, "CalSTRS Fast Facts (as of 6/30/01)" showing 515,887 Active & Inactive Members and 170,972 Benefit Recipients, and a "What's New" section with links to a Request for Proposal and a Congressional update. The footer contains a thank you message and a link to Principles, Disclaimers, & Copyright Notice.



# Buying Service Credit— Consider the Costs

CalSTRS receives a large number of requests from members wanting to buy service credit. In fact, requests to CalSTRS have steadily increased over the past few years, with dramatic increases starting in June of this year. This has caused a backlog of requests.

Unfortunately, members are waiting longer than they should to find out how much their purchase will cost. After receiving a response, members are surprised at the cost of the purchase. Typically, only about half of those who make a request actually buy service credit.

CalSTRS is working diligently to address the backlog of requests. In the meantime, here are some other ways to get information about the cost to buy service credit and an idea about the costs.

## How to Calculate the Cost

CalSTRS has several online calculators that can help you figure your costs. See the calculator link on the CalSTRS Web site home page ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)). You can also get help figuring the cost and potential boost to your monthly benefit from the CalSTRS *Purchase Additional Service Credit* brochure. Order the brochure by calling CalSTRS at 800-228-5453 and selecting option 3. You can also download it from the Web site. The brochure includes the form to start the purchase process.

## Cost Varies By Type

When purchasing service credit, it is important to understand the cost up front and to weigh it against the eventual boost in your monthly benefit. Costs vary according to the type of service credit you are buying. See the following charts for a description of the three types and to get a better understanding of the costs.

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## Redeposits

A redeposit is the buying back of CalSTRS service credit represented in contributions previously withdrawn after leaving CalSTRS-covered employment. Because interest must be paid, a significant time gap between the refund and the repurchase can make the cost high.

### Costs to Redeposit in 2002

	If the refund was:			
	\$ 1,000	\$ 10,000	\$ 25,000	\$ 40,000
Original year of the refund	Then the estimated cost to redeposit in 2002 is:			
2000	\$ 1,140	\$ 11,395	\$ 28,488	\$ 45,581
1995	\$ 1,583	\$ 15,833	\$ 39,583	\$ 63,333
1990	\$ 2,370	\$ 23,695	\$ 59,238	\$ 94,782
1985	\$ 3,806	\$ 38,060	\$ 95,149	\$152,238
1980	\$ 6,805	\$ 68,050	\$170,126	\$272,201
1975	\$ 9,861	\$ 98,606	\$246,515	\$394,424
1971	\$12,388	\$123,885	\$309,712	\$495,539

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### Nonqualified Service Credit

Nonqualified service credit, or air time, is not related to prior employment. If you have at least five years of CalSTRS service credit, you can purchase up to five years of air time.

#### Costs to Buy 5 Years of Nonqualified Service Credit

Age	Service credit at time of purchase	Salary	Cost to buy 5 years of service credit
30	5	\$40,000	\$ 21,700
40	15	\$50,000	\$ 38,600
50	25	\$60,000	\$ 65,970
60	30	\$70,000	\$109,550

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### Permissive Service Credit

Permissive service credit is credit for certain other non-CalSTRS work activities. These include part-time or substitute service or out-of-state teaching.

#### Costs to Buy 5 Years of Permissive Service Credit

Earnable Salary is:	Cost to buy 5 years of service credit
\$40,000	\$32,994
\$50,000	\$41,243
\$60,000	\$49,491
\$70,000	\$57,740

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### Why Buy Service Credit?

It can be to your advantage to buy service credit. The more service credit you have, the larger your monthly retirement allowance. Additional service credit (except nonqualified) can help you qualify for benefit improvements such as the longevity bonus, career factor and one-year final compensation. Additionally, new federal and state rollover rules allow you to buy service credit with funds from another eligible retirement plan such as a 403(b).

Remember, the purchase of service credit must be completed before your retirement date.

## Partial Lump-Sum Calculator's Online



You read about Partial Lump Sum in the Spring 2002 *Bulletin*. With Partial Lump Sum you can receive part of your Defined Benefit service retirement as a lump-sum payment. In exchange, your monthly benefit is permanently reduced.

You are eligible to take a partial lump sum if you are age 60 and 3 months the month of your service retirement or age 60 if you have 30 years of service credit.

Now you can estimate your Partial Lump Sum online. Just go to [www.calstrs.ca.gov](http://www.calstrs.ca.gov) and click on the calculator link on the home page. From there click on the retirement benefits calculator link.

First find out the maximum amount you qualify for by typing in your age, years of service credit and salary. The calculator displays the monthly reduction and benefit you would receive if you were to take the maximum payment.

You can also enter different lump-sum amounts to see how your monthly benefit would be affected. Or enter the monthly benefit you would like to receive, and the calculator can give you the corresponding lump-sum payment to request. You can even see how a partial lump sum would affect your benefit if you choose an option (see page 9 for more about choosing an option).

While you're on CalSTRS' Web page you can also find out more information on Partial Lump Sum by reading the Partial Lump Sum Frequently Asked Questions. Or call CalSTRS at 800-228-5453 and listen to Teletalk message 379.



*Tom Barrett*

## New Ombudsman Helps Resolve Member Problems

**T**his February, Tom Barrett became CalSTRS' new Ombudsman. Tom replaces Pete Hough, who retired after seven years as Ombudsman.

Tom's job is to serve as an advocate for CalSTRS members. If you believe you have not received adequate service from CalSTRS or if you've received an answer to a question or a decision on a request that you disagree with, Tom can ask staff to take another look at the situation to make sure it's correct. He also advocates on behalf of members and constituent groups to make sure the policies at CalSTRS are equitable, with an eye toward improving member benefits.

"I should not be the first person a member talks to at CalSTRS, but I strive to be the last—the person who fixes a problem that for whatever reason hasn't been resolved," Tom says. "CalSTRS is a large pension fund, and it isn't always easy to navigate our system. My job is busy and sometimes difficult, but it's important that people get the service they should."

Tom's workload isn't likely to ease any time soon given the increasing number of retirements from baby boomers (with more to come) and new legislation that allows members wider opportunities to buy service credit. Mostly he hears from members who are ready to retire and recently retired members who need adjustments to their account. As busy as he is, Tom makes it look easy.

He notes that the recent improvements in response time for member calls to the CalSTRS Public Service Office have helped members get through on the phones

more quickly and says, "Customer service at CalSTRS has improved, but we have further to go. As the organization improves, I expect the focus of my job to become more proactive."

Tom also works with employers and coordinates the CalSTRS Employer Institute held in the spring of each year. He is available to make presentations and work with groups to provide information on CalSTRS benefits and services.

Tom is very knowledgeable about CalSTRS retirement law, policies and practices. An analyst in the Client Outreach Program since 1998, Tom also has strong experience in customer service. He's been a personal banking officer with Wells Fargo Bank when the bank was noted for developing strong customer service and a staff person for the California state assembly where he offered constituent services to help the public in their dealings with state agencies. A Sacramento native and avid Kings fan, Tom and his wife Kelly just celebrated their 25<sup>th</sup> wedding anniversary. They have three children, Matthew, Erin and Bryan.

The Ombudsman Office also includes Rhonda Carroll who helps Tom resolve problem cases and assists members. Rhonda has been a Pension Program Representative in the Ombudsman Office since May.

If you have a problem that hasn't been resolved through the normal CalSTRS processes, contact Tom through his e-mail link at [www.calstrs.ca.gov](mailto:www.calstrs.ca.gov) or by phoning 916-229-3830.

# Annual Statements to be Mailed by End of the Year

**T**his year's CalSTRS annual statements will be mailed by the end of the year.

Intended to let you know how much you have contributed to CalSTRS and who you have chosen as beneficiaries as of June 30, 2002, the information in your annual statement will ultimately be used to figure your Defined Benefit retirement allowance. It is important for you to review your statement each year so errors can be quickly corrected.

Those of you age 45 and older will receive a letter in the spring that gives you an individualized estimate of your future retirement benefits.

## ***Benefit Not Linked to Contributions***

Please remember that although your account statement shows your accrued contributions and interest, your retirement through CalSTRS is a defined benefit. This means your monthly allowance will be guaranteed for life and is not dependant on the amount in your account. Rather it is based on your amount of service credit and age at retirement along with your final compensation.

## ***Use As a Retirement Guide***

Keep your annual statement tucked away as a handy guide. Besides your individual account information, your annual statement has general information on

CalSTRS retirement and retirement planning, including how to contact CalSTRS for financial education program workshops and pre-retirement counseling services.

## ***CalSTRS Annual Statement to Include DBS Account Information***

This year's CalSTRS annual statement will include information about your Defined Benefit Supplement account. The new DBS portion of your statement will show the amount of contributions that has been allocated to your account along with the interest earned from January 1, 2001, through June 30, 2002. The amount in the DBS accounts will vary by member and will depend on individual salaries. The DBS interest rate is the same for all accounts and is set annually by the Teachers' Retirement Board. For the 2001–2002 fiscal year, the interest rate was 6 percent.

## ***The DBS Program***

The Defined Benefit Supplement is a separate retirement account that began January 1, 2001. With DBS, one-fourth of your CalSTRS Defined Benefit payroll contribution of 8 percent is allocated to the DBS account through 2010. This account will grow throughout the years as it earns interest, supplementing your retirement allowance or providing

funds if you leave CalSTRS-covered employment.

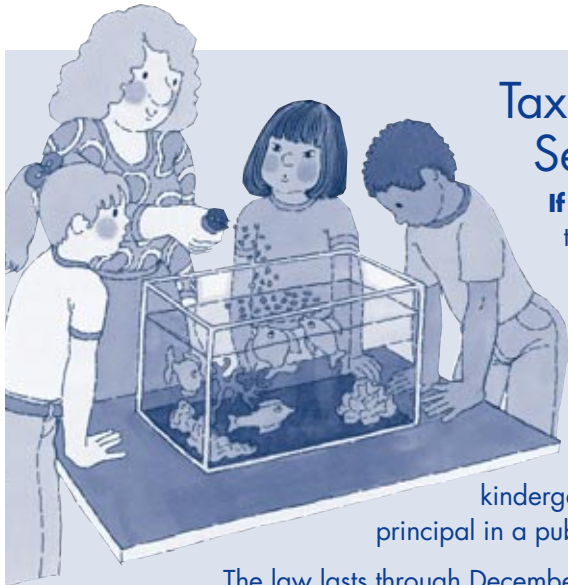
## ***DBS Does Not Affect Regular Retirement Allowance***

Because this is a supplemental account, your Defined Benefit retirement allowance **is not reduced** in any way because of the allocation of a portion of your contributions to DBS. Additionally, the total amount you contribute to CalSTRS remains the same.

## ***Allocations for Extra Service Will be in Next Year's Statement***

After July 1, 2002, extra service that you perform such as teaching summer school, coaching, other extracurricular assignments and extra days will count toward your retirement. If you earn more than one year of service credit in a single school year, the contributions or compensation for the excess service credit will be allocated to your DBS account. For those who earn less than one year of service credit, those duties will count as additional service credit (up to the maximum of one year) to their Defined Benefit accounts.

Because credit for extra service started in the new 2002–03 fiscal year, you will not see any additional allocations for extra service in this year's annual statement. Those allocations will be included in next year's statement.



## Tax Deduction for Elementary and Secondary School Teachers

**If you buy books and supplies** for your classroom (and what teacher doesn't), save your receipts. A new federal law allows you to deduct up to \$250 a year for these out-of-pocket expenses, even if you don't itemize deductions.

Starting in the 2002 tax year, this new tax break allows a federal deduction for books, supplies, computer equipment, services and supplementary materials used in the classroom. You qualify if you are working 900 or more hours a year as a kindergarten through 12<sup>th</sup>-grade teacher, instructor, counselor, aide or principal in a public, private or parochial school.

The law lasts through December 21, 2003, so be on the lookout to see if it's extended. Find details about the deduction in IRS Publication 3991, *Highlights of the Job Creation and Worker Assistance Act of 2002*, available on the IRS Web site at [www.irs.gov](http://www.irs.gov) or by calling 800-TAX-FORM (829-3676).

Also, you should also be aware that a state tax credit for these expenses is not available for the 2002 tax year. The deduction was suspended for the upcoming year as a cost-saving measure. If you have questions about the state income tax credit, call the State Franchise Tax Board at 800-852-5711.

### CEO *continued from page 2*

their roles in a scheme to fraudulently inflate the earnings of the company.

#### **The CalSTRS Mission**

Amidst this discussion of trust, I want to take a moment to discuss CalSTRS' mission. You might think our mission is obvious—it's to pay benefits. That certainly is one of our core responsibilities but we see our relationship to you in much broader terms. The Teachers' Retirement Board has developed the following mission statement:

*Securing the financial future and sustaining the trust of California's educators.*

To us at CalSTRS, this is a very powerful statement. We see our responsibility in fulfilling this as advocating, developing, delivering and communicating a variety of financial products and services that will provide a strong foundation for your retirement. We will look to you for guidance as to how we can continuously improve our service and offer new services that meet your needs in these changing times. We recognize that some of our members prefer face-to-face or telephone communications while others would prefer self-service through our Web site. Our mission statement says that no matter the delivery system, you come first, not what is easier for us.

We also know that we have no other motives than to serve you. Our products are designed simply and solely for your retirement benefit with

no hidden charges. This means that we must protect your retirement assets with the utmost care and diligence. But trust must be earned, not just talked about. I pledge to you that all of us at CalSTRS will make this mission part of our daily responsibility in serving you.

We will be communicating this mission loudly throughout CalSTRS, to our membership and our business partners. In these days of financial insecurity and misdeeds, we must sustain your trust that CalSTRS will always serve your interests.

Jack Ehnes



# How to Choose an Option

**W**hen you retire you have a choice. You can take the highest monthly allowance you are eligible for (called the unmodified allowance). Or you can choose to provide a continuing benefit to another person or persons after you die.

CalSTRS offers seven different options. Picking the right one is important. The option you choose will determine the level of benefits you receive as well as the level your beneficiary will receive. Your choice of an option is irrevocable, except under limited circumstances.

When considering your choices, ask yourself the following questions:

***Is there someone in my life who will need continuing financial support after I die?***

You should consider the needs of your loved ones and whether they will need financial support if you die before they do.

Your option beneficiary can be a spouse, though it doesn't have to be. The person you choose does not have to be related to you. With Option 8, you can leave a continuing benefit to more than one person.

***Can I afford the reduction in my monthly benefit?***

If you choose the unmodified benefit, you will receive the highest allowance available, but that benefit ends when you die. The options provide a continuing benefit, but the benefit is reduced, or "modified," because the allowance is spread over your lifetime and the lifetime of another person or persons.

***What portion of my benefit do I want to leave my beneficiary?***


The options vary in the percentage of the unmodified allowance paid to you and the percentage that continues to your


option beneficiary. The larger the amount of the continuing benefit to that beneficiary, the larger the reduction to your monthly benefit.

***What if I outlive my option beneficiary?***

If you outlive your beneficiary you could receive the same modified allowance (Options 2 and 3) or a further reduced allowance (Option 4 or 5). Options 6 and 7, however, provide that your benefit will rise to the unmodified level if your beneficiary dies before you do.

**For More Information**

 You can use the retirement benefits calculator on the CalSTRS Web site to see how choosing various options will affect your monthly retirement benefits. You can also read about options in the *Member Handbook*, pages 31–36.

 Teletalk messages 354 through 361 describe all seven options. Call 800-228-5453 and select option 2 to listen to Teletalk messages. You can also view the messages on the Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)) under FAQs.

## Pre-Retirement Election of an Option

If you are eligible to retire, but are not ready to retire, you may make a pre-retirement election of an option. This ensures that if you should die before you retire, your option beneficiary will receive a lifetime monthly allowance upon your death.

If you elect a pre, generally your modified allowance will be higher. That's because the modification of your allowance is based on your age and the age of your beneficiary either at the time you make the election or when you retire, whichever results in the highest allowance. Generally, the younger you are when the selection is made, the less your allowance is reduced.

If you die without a pre-retirement election of option in effect, your surviving spouse would receive the allowance given at age 60 under Option 3. However, if your circumstances change and you cancel or change your pre-retirement election of an option before retiring, your retirement allowance will be further reduced for life.



## DB or an Alternative Retirement Program? Choose the Best Fit For You

**A**re you a part-time or adjunct employee? If so, you have a choice in your retirement program. Employers must offer the Defined Benefit Program and an alternative program to all adjunct employees or part-timers hired to work less than 50 percent of the full-time equivalent for a specific position. Among the alternative programs that may be offered include the CalSTRS Cash Balance Benefit Program, Social Security or another program chosen by the district. Districts can offer one of these programs or several. (Full-time employees are automatically enrolled in the CalSTRS Defined Benefit Program.)

### When choosing, how can you pick the plan that works best for you?

#### *You may want to choose the CalSTRS Defined Benefit Program if you:*

- ◆ Plan to work as an educator in California long enough to earn a benefit. (Called vesting, this occurs after you have five years of service credit with CalSTRS. This could take 10 years of half-time employment.)
- ◆ Want a monthly benefit that provides a specific amount that is known in advance and payable for life, one with benefits based on a set formula and not on the monies in your account.
- ◆ Are comfortable contributing 8 percent of your pay towards your retirement (this rate is matched by your employer)

#### *You may want to choose the Cash Balance Benefit Program if you:*

- ◆ Will not work long enough to qualify for the benefits in the DB Program
- ◆ Want a lump-sum or lifetime monthly benefit based on monies credited to your account with a guaranteed interest rate.

- ◆ Are comfortable with the contribution rate, which is typically 4 percent of your salary, depending on your local bargaining agreement (this rate is matched by your employer)

#### *If your employer offers an alternative program, ask yourself:*

- ◆ Does the plan offer a monthly benefit for life or is it a non-lifetime benefit based on contributions and interest?
- ◆ What is the contribution rate? Is it matched by my employer?
- ◆ Is there a vesting requirement?
- ◆ Does the program charge administrative fees? (Neither CalSTRS program charges administrative fees.)
- ◆ Is there a guaranteed annual interest rate?
- ◆ Does the plan have a record of sound investment plan experience?

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### Look for CB Annual Statement by Year's End

Your 2001–2002 Cash Balance Benefit Program annual statement will be mailed by the end of the year. The statement includes your account information for the fiscal year, including the contributions made by you and your employer and your credited interest. Remember your employer reports the information in your annual statement to CalSTRS. If you see errors or discrepancies, including an incorrect Social Security number or address, please contact your employer. Report errors in credited interest to CalSTRS.

Last fiscal year, your account earned a 6.0 percent in annual interest, compounded—well above the rates other investments earned during the same period.



### For More Information

The available alternative programs vary widely by district, so it is impossible to describe each and every one. Check with your employer or Social Security Administration to find out detailed information on the benefits that are offered.

For information about the CalSTRS Defined Benefit Program, read the *Member Handbook*. For information about the Cash Balance Benefit Program, read *The Cash Balance Benefit Program: Choose a First-Class Plan for Your Future*. You can get these publications through your school district, from the Web, [www.calstrs.ca.gov](http://www.calstrs.ca.gov), or order them by phone at 800-228-5453 (choose option 3). Please specify if you want the booklet for K–12 teachers or adjunct faculty.

For information about Social Security, contact the Social Security Administration at [www.ssa.gov](http://www.ssa.gov) or 800-772-1213.

## Did Your Take Home Pay Change?

If you are performing extra service, your take home pay may have changed starting with July's paycheck. The reason is a new law that changed the way your service and pay is credited to CalSTRS. Starting July 1, 2002, pay for extra service became creditable to either your CalSTRS Defined Benefit or Defined Benefit Supplement retirement account. With CalSTRS, you contribute 8 percent of your salary toward your CalSTRS retirement account. Now your pay for extra service will also have the 8 percent CalSTRS contribution deducted from your paycheck. This will be matched by your employer.

### Examples of Extra Service

Extra service includes activities such as teaching summer school and intersession and extra assignments such as coach, band director, yearbook editor, department chair or attending staff development days.

### Extra Credit Can Increase Your Retirement Income

For those earning more than one year of service credit, retirement contributions from both you and your employer are credited to your CalSTRS Defined Benefit Supplement account. These funds will help supplement your monthly retirement benefit or provide funds if you leave CalSTRS-covered employment.

For those earning less than one year of service credit in a school year, the extra service you perform is counted as additional service credit. The additional service credit may help you earn a higher monthly retirement allowance.

That's because, besides increasing the amount of service credit, the changes could affect another element in the retirement calculation formula, your highest salary. The highest salary could be increased if you are paid for extra service at a rate higher than your regular salary.



### For More Information

 For more information on creditable compensation, see the Creditable Comp Frequently Asked Questions on the homepage of the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)).

## Health Study *continued from page 1*

Here are highlights from the findings:

- ✧ Teachers had a 51 percent higher rate of breast cancer than comparable California women.
- ✧ Teachers seem to have a greater risk for cancer of the endometrium (the lining of the uterus) and ovaries. Although teachers had higher rates of cancers, both diseases are still relatively rare.
- ✧ The researchers believe that the causes of these cancers among teachers are probably the same as in women in general. Teachers may have a higher risk of these cancers because of their unique behaviors. Women who delay having their first child—until they complete their college education or start a career, as many teachers do—and those with fewer children are at increased risk. Teachers also use hormone replacement therapy for menopause more often than other California women. This therapy may be linked to the higher than expected breast cancer rates.
- ✧ Lymphoma, melanoma and leukemia also seem to be more common among teachers in the study than other California women, though the diseases still remain extremely rare. Most lymphoma cases were non-Hodgkin's lymphoma. Teachers had more than a 50 percent higher rate of this cancer than comparable California women. Despite

some known risk factors for non-Hodgkin's lymphoma, most people with this cancer do not have any of these risk factors and causes of their cancer are unknown. Known risk factors for leukemia include smoking and environmental exposure such as carcinogenic chemicals or radiation, while one common lifestyle factor behind melanoma is exposure to excessive sun without protective clothing or sunscreen.

### *The Good News*

- ✧ The teachers in the study have lower rates of lung cancer and cervical cancer. That might be because teachers smoke much less than their California peers, and they tend to get regular Pap tests, which can catch abnormal cells in the cervix before they turn into cervical cancer.
- ✧ Teachers in the study seem to have adopted some of the good health habits that lead to lower risk of some cancers, including breast cancer. Nearly seven of every 10 do at least an hour of exercise regularly—and 27 percent exercise at least four hours a week. And teachers stay trimmer and maintain a healthier weight than other California women.

- ✧ Access to health care means more teachers have heard the message about the importance of regular mammograms and put it into practice. More than nine out of 10 teachers reported having at least one screening mammogram, and most of those aged 50 and over had a mammogram in the past year.
- ✧ Many of the diagnosed breast cancers were very small malignancies, called *in-situ* cancers. And a significant number of the invasive breast tumors were localized, meaning that they had not spread to other parts of the body. Mammograms help catch these breast cancers at an early stage, when cancer has the greatest chance for cure.

The research team published results in a medical journal this September. Not only is this the first step in an important journey to uncover more facts about the causes of cancer, but the publication allows access to these data by researchers across the world.

As the California Teachers Study continues, researchers will gain a better understanding of the role of diet, hormones, family history, tobacco and other factors on cancers—for teachers and non-teachers alike.



*If you would like more information on cancer, a good place to start is the National Cancer Information Line at 800-4-CANCER or [www.cancer.gov](http://www.cancer.gov).*



## Planning to Move Or Change Your Name?



Many members assume that CalSTRS is the place to report name and address changes. This is not always true. Your employer sends information about you to CalSTRS. If you are still employed in CalSTRS-covered employment, you should report information such as name and address changes to your employer, and those changes will be automatically sent to CalSTRS. If you are an inactive member, report changes directly to CalSTRS. This will ensure that you continue to receive information from CalSTRS regularly.

## Calling CalSTRS?



### *Avoid the Rush*

Need to call CalSTRS? Try to avoid peak times.

The busiest times for callers are on Monday mornings, the first of the month and the day after a holiday. Peak time during the day is from 10 a.m. to 2 p.m. It may be easier to avoid those busy times. And remember, you can call 24 hours a day to order forms and listen to Teletalk messages.

The Public Service office is open from 8 a.m. to 5 p.m., Monday through Friday, except on holidays. Call 800-228-5453.

## Thinking about a home loan or refinance?

### Think about the CalSTRS Home Loan Program

**Competitive interest rates on a variety of mortgage loan programs, including:**

- CalSTRS Conventional 30 or 15-year Fixed Rate Program ■ CalSTRS No Points, No Fees, Program ■
- CalSTRS/CaHLIF Zero Down Preferred Program ■

#### **Ask about the new program—CalSTRS/CaHLIF 80-17 Program**

Borrow 80 percent of the loan value with an additional 17 percent financed through a “silent second.”

Visit the home loan program page at [www.calstrs.ca.gov](http://www.calstrs.ca.gov) or call a CalSTRS-approved lender for details.

#### **CalSTRS-APPROVED LENDERS**

**Countrywide Home Loans:** 800-877-5626

**CUNA Mutual Mortgage Corporation:** 800-356-5626 ■ **First Mortgage Corporation:** 877-595-1998

**North American Mortgage:** 800-700-6262 ■ **Wells Fargo Home Mortgage:** 909-680-3685



## **VIP** *continued from page 1*

the Self-Managed Account gives you access to a choice of more than 4,000 mutual funds.

### **Personalized Financial Advice**

With VIP, you will have access to free online or telephone advisor services that offer unbiased, personalized investment advice and planning based on your individual needs.

The Advice Account is designed for those who want personalized savings and investment advice. As a VIP participant, you can have advice from trained and licensed financial advisors through Advisor Service, powered by Financial Engines.

The advisor service will allow you to:

- build a personalized profile of your financial resources and retirement goals
- understand the likelihood of reaching your goals with your current savings and investment strategy
- design a personalized saving and investment plan to meet your goals

You will also benefit from free initial and ongoing consultations, expert and unbiased retirement planning advice and automatic investment rebalancing.

### **Enhanced Participant Web Site**

VIP gives you access to all your account information online and other features, including, by year's end, online quarterly account statements.

## **Save With CalSTRS**

Whether you are new to the world of investing or an experienced veteran, CalSTRS can help you make your retirement dreams come true. Save tax free with the 403(b) program offered through CalSTRS.


### **Who and How?**

California public school employees, including classified employees, are eligible to join VIP. Eligible employees must complete a Salary Reduction Agreement. If your employer does not offer the CalSTRS Voluntary Investment Program, please contact CalSTRS toll-free at 800-228-5453 or e-mail CalSTRS from the Web site (click on Contact CalSTRS).

Before you join, decide what amount or percentage of your pay you want to contribute and how you want your contribution

allocated among the investment options. You can save a portion of your pay on a before-tax basis, subject to the annual maximum IRS contribution limit (\$11,000 in 2002, and higher for employees age 50 and older). Once enrolled, contact your employer to elect contribution amounts or make changes to future contributions. Contributions will be automatically deducted from your paycheck.

### **For More Information**

 Phone the CalSTRS VIP Information Line at 800-699-4032. To speak with a service representative or a licensed financial advisor, call Monday-Friday from 7 a.m. to 5 p.m.

 View the VIP section of the CalSTRS Web site at [www.calstrs.ca.gov](http://www.calstrs.ca.gov).

## **CalSTRS Tool to Compare 403(b)s**

As public school employees, you are asked to choose among hundreds of 403(b) investment products with a wide range of administrative costs and features. Comparing them can be difficult.

Starting in July 2004, CalSTRS will provide a registry of vendors offering 403(b) investment products to CalSTRS members. The registry, required by AB 2506, will provide standardized comparison of features such as participant costs, investment performance and vendor experience and services.

Be on the lookout for more information about the registry, which will help you make informed choices when saving for retirement.

# 2001–2002 Legislative Session Ends

The second year of the 2000–2002 legislative session ended with the following bills affecting CalSTRS members signed into law or vetoed. The new laws become effective January 1, 2003.

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## *Signed Into Law:*

### **AB 2506 (Steinberg)**

#### **Chapter 1095 Statutes 2002**

Requires CalSTRS to establish a program by July 1, 2004, to register 403(b) tax-deferred investment products offered to local school district and community college district employees. It also requires CalSTRS to establish a Web site with impartial information of the features of each registered 403(b) product including fees and investment performance.

### **SB 1318 (Karnette)**

#### **Chapter 115 Statutes 2002**

Allows employers to pay all or part of credentialed employees' required member Defined Benefit Program and Defined Benefit Supplement contributions for all similarly situated employees.

### **SB 1580 (Burton)**

#### **Chapter 1049 Statutes 2002**

Requires the three members of the Teachers' Retirement Board representing active CalSTRS members and CB participants to be elected by the membership beginning in 2004. Requires Senate approval of all Governor appointees.

### **SB 1983 (Soto) Chapter 903 Statutes of 2002**

Allows a member of the Defined Benefit Program who is receiving an allowance under Options 6 or 7 to name a new option beneficiary after the member's beneficiary dies. It also changes the basis for the calculation of post-retirement earnings limits from the All Urban California Consumer Price Index, or CCPI, to the average earnable salary of active members. As a result, starting January 1, 2003, the post retirement earnings limit for 2002–03 will be \$24,933.

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## *Vetoed:*

### **AB 1710 (Negrete McLeod)**

Would have required community college districts to offer part-time employees Social Security **and** an alternative retirement plan as of



July 1, 2004. Also would have allowed part-time community college employees not subject to mandatory membership in CalPERS to elect coverage under the CalSTRS Cash Balance Benefit Program, if offered by the employer.

### **AB 2451 (Salinas)**

Would have provided part-time community college adjunct temporary faculty members covered by an alternative retirement plan, such as the CalSTRS Cash Balance Benefit Program, and who retire after January 1, 2004, upon their retirement, with a credit for their unused sick leave to their existing alternative retirement plan account or Cash Balance Benefit Program account.

The Legislature and the Governor from time to time make statutory changes that may affect your CalSTRS benefits—and that may affect any decision by you concerning your career or retirement. CalSTRS makes every effort to provide adequate information when going to print, but legislation can undergo rapid change.

To stay informed about any possible changes, you should consult as many sources as possible including the California State Legislative Counsel Web site ([www.leginfo.ca.gov](http://www.leginfo.ca.gov)), the CalSTRS Web site ([www.calstrs.ca.gov](http://www.calstrs.ca.gov)), the CalSTRS Public Service Office (800-228-5453), CalSTRS retirement counselors or your union and elected legislative representatives.



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## How to Reach Us

### Write CalSTRS at:

California State Teachers'  
Retirement System  
P.O. Box 15275  
Sacramento CA, 95851-0275

### Call CalSTRS Public Service Office:

800-228-5453  
916-229-3870  
916-229-3541 for TTY for hearing  
impaired person.

### Fax CalSTRS at:

916-229-3979

### Browse CalSTRS Web site at:

[www.calstrs.ca.gov](http://www.calstrs.ca.gov)

When contacting CalSTRS, be sure to  
include your Social Security number.



### The CalSTRS Mission Statement

Securing the financial future and sustaining the trust of  
California's educators.

### State of California

Gray Davis, Governor  
Aileen Adams, Secretary, State and Consumer  
Services Agency

### Teachers' Retirement Board

Gary Lynes, Chair  
George W. Fenimore, Vice Chair  
Paul G. Krasnow  
Marty Mathiesen  
Karen Russell  
Jay Schenirer  
Carolyn A. Widener  
Phil Angelides, State Treasurer  
Kathleen Connell, State Controller  
Delaine Eastin, Superintendent of Public Instruction  
B. Timothy Gage, Director, Department of Finance

Jack Ehnes, Chief Executive Officer  
Christopher J. Ailman, Chief Investment Officer

Sherry Reser, Managing Editor  
Linda Riley, Editor

Statements in this publication are general and the Teachers'  
Retirement Law is complex and specific. If a conflict arises  
between information contained in this publication and the law,  
any decisions will be based on the law and not on this  
publication.

The *Bulletin* is published twice a year for active and inactive  
members of the Defined Benefit Program and participants in  
the Cash Balance Benefit Program of the California State  
Teachers' Retirement System. Comments or suggestions may be  
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